



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Public Hearing to Consider Adopting Resolution Setting Usage-Based and Flat Water and Wastewater Rates for Residential, Commercial and Industrial Customers and Tabulate Proposition 218 Protests

**MEETING DATE:** July 21, 2010

**PREPARED BY:** Public Works Director

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**RECOMMENDED ACTION:** Public hearing to consider adopting a resolution setting usage-based and flat water and wastewater rates for residential, commercial and industrial customers and tabulate Proposition 218 protests.

**BACKGROUND INFORMATION:** The City Council has made numerous water and wastewater rate decisions over the past year, as summarized below. The recommended action following the public hearing will be to implement and/or modify these previous actions.

May 20, 2009: City Council waived Consumer Price Index (CPI) adjustment of water rates based upon a lack of new information supporting neither an increase nor a decrease.

July 15, 2009: City Council approved wastewater rate increases of 25 percent effective July 16, 2009; 20 percent effective July 1, 2010; 10 percent effective July 1, 2011; and 5 percent effective July 1, 2012. Also, the City Council approved an Engineering News Record – 20 Cities Average (ENR) based indexing of wastewater rates beginning with FY 2012/13. A Proposition 218 procedure was conducted that validated these actions.

January 6, 2010: City Council received advisory usage-based water and wastewater residential rates for the purpose of research and customer billing comparisons, as the City transitions to a metered water system to comply with State law.

Staff recommends the following actions be taken following the public hearing.

### Water Rates

1. Change the date for implementing the annual rate adjustment to January 1 for each of the five years (maximum timeframe allowed by Proposition 218) following January 1, 2011. This change is recommended so that rate changes occur at the lowest usage time of the year.
2. Change the water rate adjustment index from the CPI to the ENR, effective January 1, 2012, because this index better reflects the combined inflationary effects of personnel, materials and energy costs on the total operations of the utility as was done for the Wastewater Rates on

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APPROVED: \_\_\_\_\_

Konradt Bartlam, Interim City Manager

July 15, 2010. The CPI adjustment for the period December 2007 through December 2008 was waived by City Council on May 20, 2009. The CPI-based projected adjustment for the period December 2008 through December 2010 is 5.98 percent. The ENR-based projected adjustment for the period December 2008 through December 2010 is 2.10 percent.

3. Adopt usage-based and flat water rates for residential customers as presented in Exhibit A to become effective January 1, 2011. These are the same residential rates received at the January 6, 2010 City Council meeting but with a 2.00 percent inflationary increase added to the flat rates, base rates and each tier. An additional two years deferral of rate adjustment is not recommended but smaller annual adjustments are recommended to avoid larger catch-up adjustments in the future, as was the case with the Wastewater Rates.
4. Change the multi-family and nonresidential usage-based rate structure for meter sizes 1 inch and smaller to establish parity with the residential customers, as presented in Exhibit A. For these multi-family and nonresidential customers, the monthly base rate would decrease by \$3.39 to \$5.42 per month for meter sizes 5/8 inch through 1 inch. There is a single usage tier for multi-family and nonresidential customers and it is recommended to increase by \$0.091 per hundred cubic feet (748 gallons) from \$0.789 to \$0.88 per hundred cubic feet, the same as for residential customers.
5. Eliminate the "Infrastructure" and "PCE/TCE" line item on the water utility bills, as was done for the wastewater utility bills on July 15, 2009.

As previously presented to the City Council, analysis of the water rates has been focused upon setting usage-based residential rates in support of the Water Meter Program. Analysis of the commercial/industrial rate structure confirms these rates are too low but no corrective action is recommended at this time. Further analysis is required.

#### Wastewater Rates

1. Adopt usage-based and flat monthly wastewater rates for residential and nonresidential customers as presented in Exhibit C effective immediately. **These rates reflect a 12% increase that is substantially lower than the 20% increase approved by Council and it includes an ENR index adjustment of 1.05%.** For customers paying a usage-based water bill, the wastewater monthly rate will be determined based upon their average monthly water usage from the previous December, January, and February. Wastewater monthly rates will be recalculated each year and put into effect beginning with July billings each subsequent year.

Proposition 218 requires that notifications be sent to the property owners and utility customers 45 days prior to the public hearing. These notices have been sent. Opposition to the rate changes is limited to the following actions:

1. For the water rates, establishing the ENR index as the basis of future annual rate adjustments, implementing the 2.00 percent increase and adopting the usage-based rate structure.
2. For the wastewater rates, adopting the usage-based rate structure.

Revenue Neutrality: Both the water and wastewater usage-based rates are calculated to generate the same revenue as the flat rates from the prior year, but they include updated projections of revenues and expenditures for the next one to five years. The rates that are recommended to become effective immediately for wastewater and on January 1, 2011 for water reflect revenue neutrality.

Water Utility Model: City Council approved a professional services agreement with The Reed Group on August 6, 2008, for the preparation of a water utility financial model. Although new to Lodi, this is a

common tool used to track revenues and expenditures for a utility. The model has been used to forecast the performance of the utility through FY 2019/20 while incorporating substantial capital investments including the water meter program, infrastructure replacement program, property owner meter payments, and PCE/TCE remediation costs. The recommended rates presented in Exhibit A were developed using this tool. A summary of the Water Financial Plan derived from the rate model is provided as Exhibit C. It should be noted that the model presents accrual of substantial reserves in the later years. As part of the Water Treatment Plant Financing Plan, a recommendation will be presented regarding the early retirement of debt to save rate payers interest costs.

**Wastewater Utility Model:** The Reed Group has recently completed development of a new Wastewater Utility Financial Model. The new model is essentially the same as before but assumptions have been renewed and revenue and expense information has been updated based upon actual. The recommended rates presented in Exhibit B were developed using this tool. The Financial Plan Summary from the model is provided in Exhibit D.

**Water and Wastewater Capacity Charge:** The capacity charge (development impact fee) for Water and Wastewater are not part of the rate structure for the utility. These charges will be updated along with the Lodi Development Impact Fee Program that is expected to be completed within 18 months. Final costs for the White Slough expansion, future White Slough expansion costs, and the Water Treatment Plant costs will be incorporated into the capacity charges.

**FISCAL IMPACT:** Increased revenues to the water and wastewater utility required to keep up with cost of service increases and new mandated costs.

**FUNDING AVAILABLE:** Not applicable.

  
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F. Wally Sandelin  
Public Works Director

FWS/pmf

Attachments

cc: Steve Mann, Information Systems Manager  
Charlie Swimley, Deputy Public Works Director- Utilities

**City of Lodi -- Water Utility  
Current and Proposed Water Rates**

	Current (1)	Jan. 2011	Jan. 2012	Jan. 2013	Jan. 2014	Jan. 2015	Jan. 2016
<b>Percent Increase --&gt;</b>		<b>2.0%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>
<b>Flat Rates (\$/month)</b>							
<b>Single Family Residential Unit (\$/month)</b>							
1 Bedroom	\$ 27.98	\$ 28.54	\$ 29.54	\$ 30.57	\$ 31.64	\$ 32.75	\$ 33.90
2 Bedroom	\$ 33.61	\$ 34.28	\$ 35.48	\$ 36.72	\$ 38.01	\$ 39.34	\$ 40.72
3 Bedroom	\$ 40.28	\$ 41.09	\$ 42.53	\$ 44.02	\$ 45.56	\$ 47.15	\$ 48.80
4 Bedroom	\$ 48.40	\$ 49.37	\$ 51.10	\$ 52.89	\$ 54.74	\$ 56.66	\$ 58.64
5 Bedroom	\$ 58.06	\$ 59.22	\$ 61.29	\$ 63.44	\$ 65.66	\$ 67.96	\$ 70.34
6 Bedroom	\$ 69.67	\$ 71.06	\$ 73.55	\$ 76.12	\$ 78.78	\$ 81.54	\$ 84.39
7 Bedroom	\$ 83.58	\$ 85.25	\$ 88.23	\$ 91.32	\$ 94.52	\$ 97.83	\$ 101.25
<b>Multi-Family Residential Unit (\$/month)</b>							
1 Bedroom	\$ 24.02	\$ 24.50	\$ 25.36	\$ 26.25	\$ 27.17	\$ 28.12	\$ 29.10
2 Bedroom	\$ 28.81	\$ 29.39	\$ 30.42	\$ 31.48	\$ 32.58	\$ 33.72	\$ 34.90
3 Bedroom	\$ 34.57	\$ 35.26	\$ 36.49	\$ 37.77	\$ 39.09	\$ 40.46	\$ 41.88
<b>Metered Water Rates</b>							
<b>Service Charge (\$/month)</b>							
<i>Single Family Residential (2)</i>							
Up to 3/4" Meter	\$ 22.25	\$ 22.70	\$ 23.50	\$ 24.30	\$ 25.15	\$ 26.05	\$ 26.95
1" Meter	\$ 36.15	\$ 36.85	\$ 38.15	\$ 39.50	\$ 40.90	\$ 42.35	\$ 43.85
1 1/2" Meter	\$ 70.60	\$ 72.00	\$ 74.50	\$ 77.10	\$ 79.80	\$ 82.60	\$ 85.50
2" Meter	\$ 112.10	\$ 114.35	\$ 118.35	\$ 122.50	\$ 126.80	\$ 131.25	\$ 135.85
<i>Multi-Family and Non-Residential (3)</i>							
5/8" Meter	\$ 25.64	\$ 22.70	\$ 23.50	\$ 24.30	\$ 25.15	\$ 26.05	\$ 26.95
3/4" Meter	\$ 28.17	\$ 22.70	\$ 23.50	\$ 24.30	\$ 25.15	\$ 26.05	\$ 26.95
1" Meter	\$ 42.27	\$ 36.85	\$ 38.15	\$ 39.50	\$ 40.90	\$ 42.35	\$ 43.85
1 1/2" Meter	\$ 56.35	\$ 57.50	\$ 59.50	\$ 61.60	\$ 63.75	\$ 66.00	\$ 68.30
2" Meter	\$ 70.45	\$ 71.85	\$ 74.35	\$ 76.95	\$ 79.65	\$ 82.45	\$ 85.35
3" Meter	\$ 98.63	\$ 100.60	\$ 104.10	\$ 107.75	\$ 111.50	\$ 115.40	\$ 119.45
4" Meter	\$ 126.80	\$ 129.35	\$ 133.90	\$ 138.60	\$ 143.45	\$ 148.45	\$ 153.65
6" Meter	\$ 183.16	\$ 186.80	\$ 193.35	\$ 200.10	\$ 207.10	\$ 214.35	\$ 221.85
8" Meter	\$ 239.48	\$ 244.30	\$ 252.85	\$ 261.70	\$ 270.85	\$ 280.35	\$ 290.15
10" Meter	\$ 295.83	\$ 301.75	\$ 312.30	\$ 323.25	\$ 334.55	\$ 346.25	\$ 358.35
<b>Water Usage Rates (\$/CCF)</b>							
<i>Single Family Residential (2)</i>							
Tier 1 - 0 to 10 CCF/month	\$ 0.86	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.97	\$ 1.00	\$ 1.04
Tier 2 - 11 to 50 CCF/month	\$ 1.29	\$ 1.32	\$ 1.37	\$ 1.42	\$ 1.47	\$ 1.52	\$ 1.57
Tier 3 - Over 50 CCF/month	\$ 1.71	\$ 1.74	\$ 1.80	\$ 1.86	\$ 1.93	\$ 2.00	\$ 2.07
<i>Multi-Family and Non-Residential (3)</i>							
All Water Usage	\$ 0.789	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.97	\$ 1.00	\$ 1.04

**Notes:**

- (1) Revised July 1, 2008.  
(2) Current residential metered rates are revenue neutral and were approved for comparative billing purposes only.  
(3) Proposed multi-family and non-residential rates improve equity with single family water rates.

**Exhibit**  
**City of Lodi -- Wastewater Utility**  
**Current and Proposed Wastewater Rates**

Current and Proposed Wastewater Rates			
	Current (1)		July 2010
<b>Residential</b>			
<b>Percent Increase</b>			12
<b>Flat Rates (\$/month)</b>			
1 Bedroom	\$	20.81	\$ 23.31
2 Bedroom	\$	27.74	\$ 31.07
3 Bedroom	\$	34.68	\$ 38.84
4 Bedroom	\$	41.61	\$ 46.60
5 Bedroom	\$	48.55	\$ 54.38
6 Bedroom	\$	55.48	\$ 62.14
7 Bedroom	\$	62.42	\$ 69.91
<b>Usage-Based Rates (2)</b>			
Service Charge (\$/month)	\$	18.95	\$ 21.22
Usage Charge (\$/CCF) (3)	\$	2.15	\$ 2.41
<b>Non-Residential (\$/month)</b>			
Moderate Strength (per SSU)	\$	27.74	\$ 31.07
High Strength			
Flow (per MG, annual basis)	\$	2,808.88	\$ 3,145.95
BOD (per 1,000 lbs, annual basis)	\$	463.54	\$ 519.16
SS (per 1,000 lbs, annual basis)	\$	289.83	\$ 324.61
Grease Interceptor & Septic Holding Tank			
Waste within City Limits (per 1,000 gal.)	\$	245.44	\$ 274.89
Septic (only) Holding Tank Waste			
Outside City Limits (per 1,000 gal.)	\$	521.03	\$ 583.55
Disposal to Storm Drain System (per MG)	\$	257.80	\$ 288.74
Disposal to Industrial System (4)			
Flow (per MG, annual basis)	\$	2,218.78	\$ 2,485.03
BOD (per 1,000 lbs, annual basis)	\$	20.34	\$ 22.78
Winery Wastewater (per 1,000 gal.)	\$	248.53	\$ 278.35

**Notes:**

- (1) Revised July 16, 2009.
- (2) Current revenue neutral rates were approved for comparative billing purposes only.
- (3) Winter water usage determined as average monthly usage from December through February.
- (4) 2007 Industrial System rates are shown. Rates are calculated annually per LMC Sec. 13.12.210.

**City of Lodi -- Wastewater Utility**  
**Current and Proposed Water Usage-Based Residential Wastewater Rates**

	<b>Current (1) July 2010</b>	
<b>Monthly Fixed Service Charge</b>	\$ 18.95	\$ 21.22
<b>Wastewater Flow Charge</b>	\$ 2.15	\$ 2.41
Based on Winter Water Usage (2)		
<b>Monthly Wastewater Bills (for various usages)</b>		
Winter Water Use (CCF)		
0	\$ 18.95	\$ 21.22
1	\$ 21.10	\$ 23.63
2	\$ 23.25	\$ 26.04
3	\$ 25.40	\$ 28.45
4	\$ 27.55	\$ 30.86
5	\$ 29.70	\$ 33.27
6	\$ 31.85	\$ 35.68
7	\$ 34.00	\$ 38.09
8	\$ 36.15	\$ 40.50
9	\$ 38.30	\$ 42.91
10	\$ 40.45	\$ 45.32
11	\$ 42.60	\$ 47.73
12	\$ 44.75	\$ 50.14
13	\$ 46.90	\$ 52.55
14	\$ 49.05	\$ 54.96
15	\$ 51.20	\$ 57.37
16	\$ 53.35	\$ 59.78
17	\$ 55.50	\$ 62.19
18	\$ 57.65	\$ 64.60
19	\$ 59.80	\$ 67.01
20	\$ 61.95	\$ 69.42

**Notes:**

- (1) Estimated to be revenue neutral relative to the wastewater rates implemented in July 2009.
- (2) Winter water usage determined as average monthly usage from December through February.

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	<b>Exhibit</b>												
2	<b>City of Lodi -- Water Utility</b>												
3	<b>Financial Plan Summary</b>												
4		F	FY 09-10 Budget	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
5	<b>Overall Water Rate Increases --&gt;</b>		2.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
6			Jan. 2011	Jan. 2012	Jan. 2013	Jan. 2014	Jan. 2015	Jan. 2016	Jan. 2017	Jan. 2018	Jan. 2019	Jan. 2020	
8	<b>WATER OPERATING FUND (180)</b>												
9	<b>BeginningBalance</b>		2,071,982	2,858,000	6,762,000	7,549,940	4,797,005	4,109,570	3,544,335	3,345,175	4,036,965	4,109,530	5,837,670
10	<b>Revenues</b>												
11	Water Sales		6,793,974	12,137,000	12,527,000	12,915,000	13,344,000	13,644,000	14,184,000	14,784,000	15,478,000	16,198,000	16,949,000
12	Infrastructure Replacement		2,384,556										
13	Interest Earnings		79,200	29,000	101,000	151,000	120,000	123,000	124,000	117,000	141,000	144,000	204,000
14	Other Revenues		115,000	381,000	393,000	404,000	416,000	428,000	440,000	453,000	467,000	481,000	496,000
15	Transfer from Fund 182 for DS						2,214,000	2,292,000	2,373,000	2,457,000	2,544,000	2,634,000	2,696,000
16	Total Revenues		9,372,730	12,547,000	13,021,000	13,470,000	16,094,000	16,487,000	17,121,000	17,811,000	18,630,000	19,457,000	20,345,000
17	<b>Expenditures</b>												
18	Transfer Out to Gen'l Fund (COS)		1,060,122	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000
19	Transfer Out to Wtr Cap Outlay		2,384,556	2,500,000	2,500,000	4,000,000	4,000,000	4,000,000	4,000,000	3,500,000	3,500,000	3,500,000	3,500,000
20	Transfer Out to PCE-TCE Fund				600,000	1,200,000	1,500,000	1,500,000	1,500,000	1,500,000	2,500,000	1,500,000	1,500,000
21	Administration & Other		1,132,313	1,197,000	1,240,000	1,284,000	1,330,000	1,377,000	1,426,000	1,476,000	1,529,000	1,584,000	1,641,000
22	Water Production		696,160	657,000	680,000	704,000	729,000	754,000	780,000	808,000	836,000	866,000	896,000
23	Electricity		780,000	690,000	721,000	753,000	787,000	822,000	859,000	898,000	938,000	980,000	1,024,000
24	DBCP Monitoring		294,780	263,000	272,000	280,000	289,000	298,000	307,000	316,000	326,000	336,000	347,000
25	SWTF Oper. & Maint. (net)					1,716,000	1,788,000	1,870,000	1,942,000	2,030,000	2,491,000	2,214,000	2,313,000
26	Water Distribution		798,742	812,000	841,000	871,000	902,000	934,000	968,000	1,002,000	1,038,000	1,076,000	1,115,000
27	WID Water Purchases		1,212,000	1,236,000	1,273,000	1,311,000	1,350,000	1,391,000	1,433,000	1,476,000	1,520,000	1,566,000	1,613,000
28	1991 CSDW Loan Payments		228,024	228,000	228,000	228,000	228,000	228,000	228,000	238,000			
29	Estimated 2010 COP Payments				2,818,060	2,815,935	2,818,435	2,818,235	2,817,160	2,815,210	2,819,435	3,046,860	3,044,546
30	Total Expenditures		8,586,697	6,643,000	12,233,060	16,222,935	16,781,435	17,052,235	17,320,160	17,119,210	18,557,435	17,728,860	18,053,546
31													
32	<b>Ending Balance</b>		<b>2,858,000</b>	<b>6,762,000</b>	<b>7,549,940</b>	<b>4,797,005</b>	<b>4,109,570</b>	<b>3,544,335</b>	<b>3,345,175</b>	<b>4,036,965</b>	<b>4,109,530</b>	<b>5,837,670</b>	<b>8,129,124</b>
33	Operating Reserve (25%)		1,551,000	1,536,000	2,283,000	2,756,000	2,820,000	2,888,000	2,955,000	3,030,000	3,139,000	3,182,000	3,263,000
34	Available Balance		1,307,000	5,226,000	5,266,940	2,041,005	1,289,570	656,335	390,175	1,006,965	970,530	2,655,670	4,866,124
35	DS Coverage (min. = 1.20)		16.23	31.68	3.74	2.79	3.21	3.24	3.32	3.43	3.83	3.33	3.56
36													
37	<b>WATER CAPITAL OUTLAY (181)</b>												
38	<b>BeginningBalance</b>		11,839,529	9,962,000	44,183,000	10,885,000	7,510,000	5,311,000	1,121,000	3,000	4,981,000	10,123,000	13,718,000
39	<b>Revenues</b>												
40	Operating Transfers In		2,384,556	2,500,000	2,500,000	4,000,000	4,000,000	4,000,000	4,000,000	3,500,000	3,500,000	3,500,000	3,500,000
41	Interest Earnings		88,200	100,000	663,000	218,000	188,000	159,000	39,000		174,000	354,000	480,000
42	Retrofit Meter Install. Charge				3,297,000	1,719,000	1,719,000	1,719,000	1,719,000	1,719,000	1,719,000		
43	DBCP Reimb. & Other		200,000										
44	Debt Proceeds		-	43,021,000									
45	Total Revenues		2,672,756	45,621,000	6,460,000	5,937,000	5,907,000	5,878,000	5,758,000	5,219,000	5,393,000	3,854,000	3,980,000
46	<b>Expenditures</b>												
47	Water Meter/Main Install. Project		582,000	2,852,000	7,436,000	6,890,000	7,888,000	9,842,000	6,582,000				
48	Water Main Replacement Projects												
49	Water Taps		75,000	78,000	80,000	83,000	86,000	89,000	92,000	95,000	99,000	102,000	106,000
50	Miscellaneous Water Mains		50,000	52,000	54,000	55,000	57,000	59,000	61,000	64,000	66,000	68,000	71,000
51	Commercial Meter Replacements		15,000	10,000	11,000	6,000	6,000	6,000	6,000	6,000	7,000	7,000	7,000
52	Valve Exercising Program		20,000	21,000	21,000	22,000	23,000	24,000	25,000	25,000	26,000	27,000	28,000
53	Surface WTP Design		2,946,000										
54	Raw Water Transmission Main		787,000										
55	Calif./St. Claire Water Main												
56	Surface WTP Construction			8,280,000	32,137,000	2,217,000							
57	UWMP Update			52,000					61,000				
58	Vehicles/Equipment		75,000	55,000	19,000	39,000	46,000	48,000	49,000	51,000	53,000	55,000	56,000
59													
60	Total Expenditures		4,550,000	11,400,000	39,758,000	9,312,000	8,106,000	10,068,000	6,876,000	241,000	251,000	259,000	268,000
61													
62	<b>Ending Balance</b>		<b>9,962,000</b>	<b>44,183,000</b>	<b>10,885,000</b>	<b>7,510,000</b>	<b>5,311,000</b>	<b>1,121,000</b>	<b>3,000</b>	<b>4,981,000</b>	<b>10,123,000</b>	<b>13,718,000</b>	<b>17,430,000</b>

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	<b>Exhibit</b>												
2	<b>City of Lodi -- Water Utility</b>												
3	<b>Financial Plan Summary</b>												
4		F	FY 09-10 Budget	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
5	Overall Water Rate Increases -->		2.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
6			Jan. 2011	Jan. 2012	Jan. 2013	Jan. 2014	Jan. 2015	Jan. 2016	Jan. 2017	Jan. 2018	Jan. 2019	Jan. 2020	
64	<b>IMF WATER FACILITIES (182)</b>												
65	<b>Beginning Balance</b>		(442,341)	(854,000)	(713,000)	(957,000)	94,000	96,000	99,000	102,000	106,000	110,000	114,000
66	<b>Revenues</b>												
67	Water Impact Mitigation Fees		13,768	500,000	517,000	1,070,000	2,214,000	2,292,000	2,373,000	2,457,000	2,544,000	2,634,000	2,727,000
68	Interest Earnings		-	(9,000)	(11,000)	(19,000)	2,000	3,000	3,000	4,000	4,000	4,000	4,000
69	Total Revenues		13,768	491,000	506,000	1,051,000	2,216,000	2,295,000	2,376,000	2,461,000	2,548,000	2,638,000	2,731,000
70	<b>Expenditures</b>												
77	Well #27 - Pump, Motor & Site Impr.		400,000	-	-	-	-	-	-	-	-	-	-
78	MSC Rehab/Expansion		25,000	350,000	750,000	-	-	-	-	-	-	-	-
79	MWWI003-Well #28		-	-	-	-	-	-	-	-	-	-	-
80	Transfer to Fund 180 for Debt Service		-	-	-	-	2,214,000	2,292,000	2,373,000	2,457,000	2,544,000	2,634,000	2,696,000
82	Total Expenditures		425,000	350,000	750,000	-	2,214,000	2,292,000	2,373,000	2,457,000	2,544,000	2,634,000	2,696,000
84	<b>Ending Balance</b>		<b>(854,000)</b>	<b>(713,000)</b>	<b>(957,000)</b>	<b>94,000</b>	<b>96,000</b>	<b>99,000</b>	<b>102,000</b>	<b>106,000</b>	<b>110,000</b>	<b>114,000</b>	<b>149,000</b>
85	Owed Fund 180 for DS		-	-	1,879,000	3,756,000	3,421,000	3,008,000	2,513,000	1,933,000	1,269,000	666,000	-
86													
87	<b>WATER PCE-TCE LITIGATION (183)</b>												
88	<b>Beginning Balance</b>		15,522	-	-	-	-	-	-	-	-	-	-
89	<b>Revenues</b>												
90	Transfers from 180, 184, 185												
91	Interest Earnings		78										
92	Total Revenues		78	-	-	-	-	-	-	-	-	-	-
93	<b>Expenditures</b>												
94	Water PCE-TCE												
95	Transfer to Consolidate w/ Fund 184		15,600										
96	Total Expenditures		15,600	-	-	-	-	-	-	-	-	-	-
97													
99	<b>Ending Balance</b>		-	-	-	-	-	-	-	-	-	-	-
100													
101	<b>WATER PCE-TCE SETTLEMENT (184)</b>												
102	<b>Beginning Balance</b>		(241,630)	3,090,000	761,000	722,000	1,286,000	791,000	240,000	1,048,000	1,885,000	409,000	1,173,000
103	<b>Revenues</b>												
104	PCE-TCE Settlements		-	-	-	-	-	-	-	-	-	-	-
105	Transfer In from Fund 180		-	-	600,000	1,200,000	1,500,000	1,500,000	1,500,000	1,500,000	2,500,000	1,500,000	1,500,000
106	Transfer In from Fund 183		15,600										
107	Transfer In from Fund 185		3,666,381										
108	Interest Earnings		-	31,000	11,000	14,000	32,000	24,000	8,000	37,000	66,000	14,000	41,000
109	Total Revenues		3,681,981	31,000	611,000	1,214,000	1,532,000	1,524,000	1,508,000	1,537,000	2,566,000	1,514,000	1,541,000
110	<b>Expenditures</b>												
111	PCE-TCE Remediation - Capital		-	1,760,000	-	-	1,377,000	1,425,000	-	-	3,292,000	-	-
112	PCE-TCE Remediation - O&M		250,000	600,000	650,000	650,000	650,000	650,000	700,000	700,000	750,000	750,000	750,000
113	Water PCE-TCE Legal		100,000										
114	Transfer to Fund 183		-										
115	Past Expenditures												
117	Total Expenditures		350,000	2,360,000	650,000	650,000	2,027,000	2,075,000	700,000	700,000	4,042,000	750,000	750,000
119	<b>Ending Balance</b>		<b>3,090,000</b>	<b>761,000</b>	<b>722,000</b>	<b>1,286,000</b>	<b>791,000</b>	<b>240,000</b>	<b>1,048,000</b>	<b>1,885,000</b>	<b>409,000</b>	<b>1,173,000</b>	<b>1,964,000</b>
120													
121	<b>WATER PCE-TCE RATE ABATEMENT (185)</b>												
122	<b>Beginning Balance</b>		781,681	-	-	-	-	-	-	-	-	-	-
123	<b>Revenues</b>												
124	PCE-TCE Rate Revenue		2,884,700										
125	Investment Earnings		-										
126	Total Revenues		2,884,700	-	-	-	-	-	-	-	-	-	-
127	<b>Expenditures</b>												
128	Transfer to Fund 183		-										
129	Transfer to Consolidate w/ Fund 184		3,666,381										
131	Total Expenditures		3,666,381	-	-	-	-	-	-	-	-	-	-



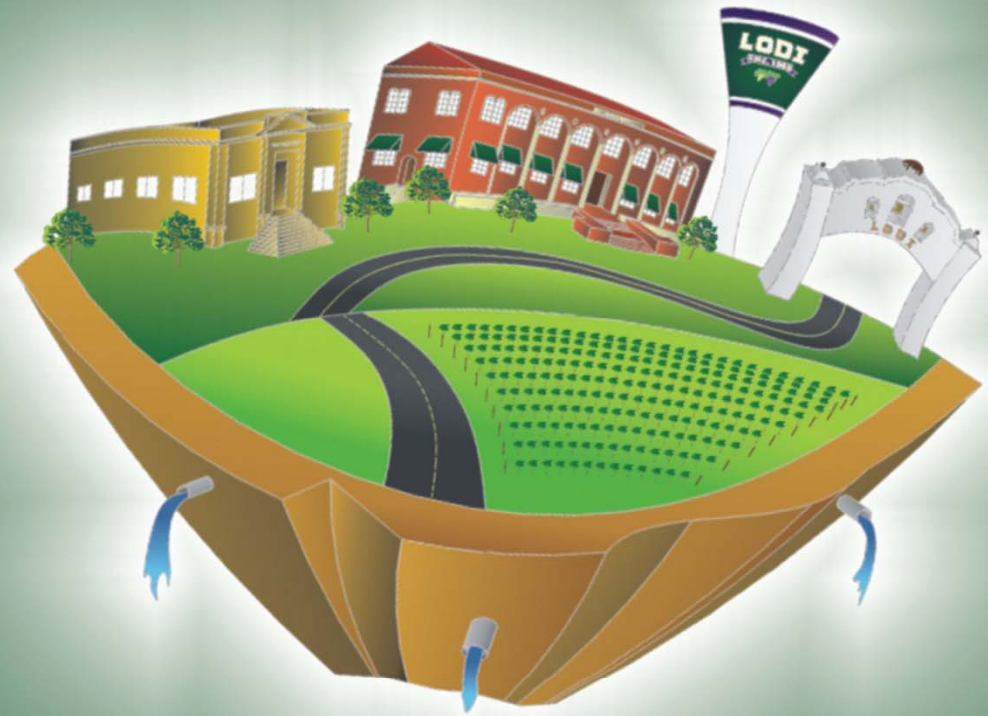
	A	C	D	E	F	G	H	I	J	K	L	EXHIBIT
1	Exhibit City of Lodi -- Wastewater Utility Financial Plan Summary											
2												
3												
4												
5												
6	WASTEWATER OPERATING FUND (170)											
7	Beginning Balance	2,864,000	2,903,015	3,275,000	3,642,700	4,340,200	5,114,500	5,797,500	6,364,200	6,758,700	6,956,000	6,932,100
8	Revenues											
9	Wastewater Sales	11,595,000	13,025,000	13,716,000	14,486,000	14,655,000	14,824,000	14,993,000	15,162,000	15,331,000	15,500,000	15,669,000
10	Infrastructure Replacement	-	-	-	-	-	-	-	-	-	-	-
11	Interest Earnings	14,000	32,000	57,000	83,000	121,000	168,000	220,000	240,000	254,000	261,000	260,000
12	Other Revenues	180,000	185,300	190,600	195,900	202,200	208,500	214,800	221,200	227,600	234,000	241,400
13	Transfer In for Debt Service (172)	-	-	-	-	54,000	65,000	76,000	76,000	76,000	76,000	76,000
14	Transfer In for Debt Service (173)	1,792,000	410,000	241,000	785,000	982,000	2,056,000	2,174,000	2,272,000	2,363,000	2,456,000	2,555,000
15	Transfer From/(To) RSF (174)	(250,000)	(250,000)	-	-	-	-	-	-	-	-	-
16												
17	Total Revenues	13,331,000	13,402,300	14,204,600	15,549,900	16,014,200	17,321,500	17,677,800	17,971,200	18,251,600	18,527,000	18,801,400
18	Expenditures											
19	Transfer Out to Gen'l Fund (COS)	1,451,478	1,495,000	1,540,000	1,586,000	1,634,000	1,683,000	1,733,000	1,785,000	1,839,000	1,894,000	1,951,000
20	Transfer Out to WW Cap Outlay (171)	196,202	-	500,000	750,000	2,000,000	3,056,000	3,174,000	3,272,000	3,363,000	3,456,000	3,555,000
21	Transfer Out To WW Cap. Rsrv. (172)	750,000	750,000	750,000	1,197,000	-	-	-	-	-	-	-
22	Administration & Other	703,149	1,010,352	1,047,900	1,086,400	1,125,900	1,167,500	1,211,100	1,256,700	1,304,300	1,353,900	1,404,500
23	Plant Maintenance	4,791,556	4,446,170	4,626,000	4,812,000	5,006,000	5,207,000	5,417,000	5,635,000	5,863,000	6,100,000	6,348,000
24	Sanitary System Maintenance	709,501	585,597	606,000	628,000	651,000	674,000	698,000	723,000	749,000	776,000	804,000
25	Storm Drainage Maintenance	536,143	591,829	615,000	639,000	665,000	692,000	719,000	748,000	778,000	809,000	842,000
26	Industrial System Maintenance	34,373	33,499	35,000	36,000	37,000	38,000	39,000	40,000	41,000	42,000	43,000
27	2003 Wastewater COP Debt Service	382,733	381,000	379,000	381,000	377,000	378,000	378,000	377,000	376,000	378,000	379,000
28	2004 Wastewater COP Debt Service	2,148,800	2,148,000	2,139,000	2,138,000	2,140,000	2,140,000	2,135,000	2,134,000	2,127,000	2,125,000	2,129,000
29	2007 Wastewater COP Debt Service	1,588,050	1,589,000	1,599,000	1,599,000	1,604,000	1,603,000	1,607,000	1,606,000	1,614,000	1,617,000	1,609,000
30	Total Expenditures	13,291,985	13,030,447	13,836,900	14,852,400	15,239,900	16,638,500	17,111,100	17,576,700	18,054,300	18,550,900	19,064,500
31												
32	Ending Balance	2,903,015	3,275,000	3,642,700	4,340,200	5,114,500	5,797,500	6,364,200	6,758,700	6,956,000	6,932,100	6,669,000
33	Operating Reserve (25%)	3,086,000	3,070,000	3,147,000	3,226,000	3,310,000	3,396,000	3,484,000	3,576,000	3,673,000	3,774,000	3,877,000
34	Available Balance	(182,985)	205,000	495,700	1,114,200	1,804,500	2,401,500	2,880,200	3,182,700	3,283,000	3,158,100	2,792,000
35	DS Coverage (min. = 1.20)	0.87	1.31	1.82	1.71	1.94	1.94	1.95	1.93	1.93	1.90	1.89
36	without COS	1.23	1.67	2.20	2.10	2.33	2.35	2.37	2.36	2.37	2.36	2.37
37	WASTEWATER CAPITAL OUTLAY (171)											
38	Beginning Balance	5,035,749	4,542,000	2,836,000	358,000	537,000	723,000	1,783,000	2,068,000	4,746,000	5,083,000	7,998,000
39	Revenues											
40	Transfer In (from 170-IRC)	196,202	-	500,000	750,000	2,000,000	3,056,000	3,174,000	3,272,000	3,363,000	3,456,000	3,555,000
41	Transfer In (from 170-Deprec.)	-	-	-	-	-	-	-	-	-	-	-
42	Investment Earnings	25,000	45,000	43,000	7,000	13,000	22,000	62,000	72,000	166,000	178,000	280,000
43												
44	Total Revenues	221,202	45,000	543,000	757,000	2,013,000	3,078,000	3,236,000	3,344,000	3,529,000	3,634,000	3,835,000

	A	C	D	E	F	G	H	I	J	K	L	M
1	<b>Exhibit</b>											
2	<b>City of Lodi -- Wastewater Utility</b>											
3	<b>Financial Plan Summary</b>											
4		<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
5		25%	12%	5%	5%	0%	0%	0%	0%	0%	0%	0%
37	<b>WASTEWATER CAPITAL OUTLAY (171)</b>											
38	<b>Beginning Balance</b>	5,035,749	4,542,000	2,836,000	358,000	537,000	723,000	1,783,000	2,068,000	4,746,000	5,083,000	7,998,000
39	<b>Revenues</b>											
40	Transfer In (from 170-IRC)	196,202	-	500,000	750,000	2,000,000	3,056,000	3,174,000	3,272,000	3,363,000	3,456,000	3,555,000
41	Transfer In (from 170-Deprec.)	-	-	-	-	-	-	-	-	-	-	-
42	Investment Earnings	25,000	45,000	43,000	7,000	13,000	22,000	62,000	72,000	166,000	178,000	280,000
44	Total Revenues	221,202	45,000	543,000	757,000	2,013,000	3,078,000	3,236,000	3,344,000	3,529,000	3,634,000	3,835,000
45	<b>Expenditures</b>											
46	Capital Projects	-	-	-	-	-	-	-	-	-	-	-
47	Replacement Vehicle 04-003	25,000	-	-	-	-	-	-	-	-	-	-
48	Replacement Vehicle 04-137	25,000	-	-	-	-	-	-	-	-	-	-
49	Charleston Storm Drain Improvements	-	100,000	-	-	-	-	-	-	-	-	-
50	Shady Acres Storm Drain PS Improv.	-	100,000	-	-	-	-	-	-	-	-	-
51	Elm Street Storm Drain Improvements	-	250,000	-	-	-	-	-	-	-	-	-
52	Misc. System Relocations	35,000	35,000	36,000	38,000	39,000	41,000	43,000	44,000	46,000	48,000	50,000
53	Misc. Wastewater Taps	40,000	40,000	42,000	43,000	45,000	47,000	49,000	51,000	53,000	55,000	57,000
54	Collect. System Capac. Enhanc. Projects	100,000	150,000	104,000	108,000	112,000	117,000	122,000	127,000	132,000	137,000	142,000
55	Wastewater Main Replac./Lining Proj.	-	100,000	2,080,000	-	-	117,000	2,433,000	127,000	2,632,000	137,000	2,847,000
56	Lift Sta. Remote Term. Unit Replac.	20,000	20,000	-	-	-	-	-	-	-	-	-
57	Vehicle Replac. (04-116) Boom Truck	-	50,000	-	-	-	-	-	-	-	-	-
58	Fats, Oils, and Grease Program	-	25,000	-	-	-	-	-	-	-	-	-
59	Compl. Studies - Cap Impr. & Rollover	-	60,000	-	-	-	-	-	-	-	-	-
60	Plant Maint. & Land Applic. Area Improv.	-	325,000	-	-	-	-	-	-	-	-	-
61	Replace 04-95 Vacuum Truck	-	340,000	-	-	-	-	-	-	-	-	-
62	Decommission Fleet Service Shop	-	15,000	-	-	-	-	-	-	-	-	-
63	Munic. Service Center PBX Replac.	-	38,000	-	-	-	-	-	-	-	-	-
64	Munic. Service Center Security Improv.	-	10,000	-	-	-	-	-	-	-	-	-
65	Munic. Service Center Parking Reconstr.	-	50,000	-	-	-	-	-	-	-	-	-
66	Munic. Service Center Modular Bldgs.	-	-	260,000	-	-	-	-	-	-	-	-
67	Lift Station Generator Replacements	100,000	-	-	108,000	-	-	-	-	-	-	-
68	Vehicles and Other Equipment	-	-	156,000	162,000	169,000	175,000	182,000	190,000	197,000	205,000	213,000
69	FOG Program and Reporting	25,000	-	-	-	-	-	-	-	-	-	-
70	Capacity Assurance Plan	100,000	-	-	-	-	-	-	-	-	-	-
71	White Slough Compliance Studies & Rpts	125,000	-	-	-	-	-	-	-	-	-	-
72	Plant Maint. & Land Applic. Area Improv.	70,000	-	-	-	-	-	-	-	-	-	-
73	Pond Lining Project	-	-	-	-	1,350,000	1,404,000	-	-	-	-	-
74	Laser Alignment Tool	-	25,000	-	-	-	-	-	-	-	-	-
75	Shop Lathe	-	18,000	-	-	-	-	-	-	-	-	-
76	White Slough Roadway Improvements	-	-	31,000	-	-	-	-	-	-	-	-
77	Effluent Receiving Water Char. Study	-	-	16,000	-	-	-	-	-	-	-	-
78	Report of Waste Discharge	-	-	104,000	-	-	-	-	-	-	-	-
79	Fence Improvements/Repairs	-	-	26,000	-	-	-	-	-	-	-	-
80	Plant Security Enhancements	50,000	-	52,000	-	-	-	-	-	-	-	-
81	Miscellaneous Reports	-	-	10,000	11,000	-	-	-	-	-	-	-
82	Future Projects	-	-	104,000	108,000	112,000	117,000	122,000	127,000	132,000	137,000	142,000
84	Total Expenditures	715,000	1,751,000	3,021,000	578,000	1,827,000	2,018,000	2,951,000	666,000	3,192,000	719,000	3,451,000
86	<b>Ending Balance</b>	<b>4,542,000</b>	<b>2,836,000</b>	<b>358,000</b>	<b>537,000</b>	<b>723,000</b>	<b>1,783,000</b>	<b>2,068,000</b>	<b>4,746,000</b>	<b>5,083,000</b>	<b>7,998,000</b>	<b>8,382,000</b>



	A	C	D	E	F	G	H	I	J	K	L	M
1	<b>Exhibit</b>											
2	<b>City of Lodi -- Wastewater Utility</b>											
3	<b>Financial Plan Summary</b>											
4		<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>
5		25%	12%	5%	5%	0%	0%	0%	0%	0%	0%	0%
88	<b>WASTEWATER CAPITAL RESERVE (172)</b>											
89	<b>Beginning Balance</b>	5,393,000	6,170,000	1,882,000	2,660,000	2,179,000	2,179,000	2,179,000	2,179,000	2,179,000	2,179,000	2,179,000
90	<b>Revenues</b>											
91	Transfer In from 173	-	-	-	-	-	-	-	-	-	-	-
92	Transfer In from 170	750,000	750,000	750,000	1,197,000	-	-	-	-	-	-	-
93	Interest Earnings	27,000	62,000	28,000	53,000	54,000	65,000	76,000	76,000	76,000	76,000	76,000
94	Total Revenues	777,000	812,000	778,000	1,250,000	54,000	65,000	76,000	76,000	76,000	76,000	76,000
95	<b>Expenditures</b>											
96	Capital Projects	-	-	-	-	-	-	-	-	-	-	-
97	White Slough Solids Handling Facility	-	5,100,000	-	-	-	-	-	-	-	-	-
98	White Slough Sludge Thickening	-	-	-	1,731,000	-	-	-	-	-	-	-
99	Transfer Out to 170 (for DS)	-	-	-	-	54,000	65,000	76,000	76,000	76,000	76,000	76,000
100												
101	Total Expenditures	-	5,100,000	-	1,731,000	54,000	65,000	76,000	76,000	76,000	76,000	76,000
102												
103	<b>Ending Balance</b>	<b>6,170,000</b>	<b>1,882,000</b>	<b>2,660,000</b>	<b>2,179,000</b>	<b>2,179,000</b>	<b>2,179,000</b>	<b>2,179,000</b>	<b>2,179,000</b>	<b>2,179,000</b>	<b>2,179,000</b>	<b>2,179,000</b>
104	Restricted Debt Service Reserve	2,170,000	2,170,000	2,170,000	2,179,000	2,179,000	2,179,000	2,179,000	2,179,000	2,179,000	2,179,000	2,179,000
105	2007 COP Proceeds (w/ fiscal agent)	5,634,000	534,000	534,000	-	-	-	-	-	-	-	-
106	Cash Deficit (amt. owed for past DS)	(1,634,000)	(822,000)	(44,000)	-	-	-	-	-	-	-	-
107												
108	<b>IMF WASTEWATER FACILITIES (173)</b>											
109	<b>Beginning Balance</b>	2,011,000	410,000	241,000	1,570,000	982,000	2,056,000	2,174,000	2,272,000	2,363,000	2,456,000	2,555,000
110	<b>Revenues</b>											
111	Wastewater IMF	226,270	452,000	1,930,000	977,000	2,031,000	2,112,000	2,196,000	2,283,000	2,373,000	2,469,000	2,568,000
112	Interest Earnings	10,000	4,000	4,000	31,000	25,000	62,000	76,000	80,000	83,000	86,000	89,000
113	Total Revenues	236,270	456,000	1,934,000	1,008,000	2,056,000	2,174,000	2,272,000	2,363,000	2,456,000	2,555,000	2,657,000
114	<b>Expenditures</b>											
115	Transfer Out (to 170 for DS)	1,792,000	410,000	241,000	785,000	982,000	2,056,000	2,174,000	2,272,000	2,363,000	2,456,000	2,555,000
116	Transfer Out (to 172 for past DS)	-	-	-	-	-	-	-	-	-	-	-
117	Capital Projects	-	-	-	-	-	-	-	-	-	-	-
118	Decommission Old Fleet Services Shop	45,000	-	-	-	-	-	-	-	-	-	-
119	Lift Station Generator Repl. (Peterson Park)	-	100,000	-	-	-	-	-	-	-	-	-
120	City-Wide IMF Program Update	-	15,000	-	-	-	-	-	-	-	-	-
121	MSC Space Planning & Facil. Eval. Study	-	25,000	-	-	-	-	-	-	-	-	-
122	WW Collect. Mstr. Plan (GP Expan. Areas)	-	75,000	-	-	-	-	-	-	-	-	-
123	MSC Facility Rehab/Expansion	-	-	364,000	811,000	-	-	-	-	-	-	-
124												
125	Total Expenditures	1,837,000	625,000	605,000	1,596,000	982,000	2,056,000	2,174,000	2,272,000	2,363,000	2,456,000	2,555,000
126												
127	<b>Ending Balance</b>	<b>410,000</b>	<b>241,000</b>	<b>1,570,000</b>	<b>982,000</b>	<b>2,056,000</b>	<b>2,174,000</b>	<b>2,272,000</b>	<b>2,363,000</b>	<b>2,456,000</b>	<b>2,555,000</b>	<b>2,657,000</b>
128	Owed Fund 170 for DS	-	1,382,000	2,938,000	3,950,000	4,768,000	4,512,000	4,140,000	3,668,000	3,110,000	2,461,000	1,708,000
129												
130	<b>WW Rate Stabilization Fund (174)</b>											
131	<b>Beginning Balance</b>	-	250,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
132	<b>Revenues</b>											
133	Transfer In from 170	250,000	250,000	-	-	-	-	-	-	-	-	-
134												
135	Total Revenues	250,000	250,000	-	-	-	-	-	-	-	-	-
136	<b>Expenditures</b>											
137	Transfer Out to 170	-	-	-	-	-	-	-	-	-	-	-
138												
139	Total Expenditures	-	-	-	-	-	-	-	-	-	-	-
140												
141	<b>Ending Balance</b>	<b>250,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

The City of Lodi  
**Public Works  
Engineering**



Public hearing on Water/Wastewater rates

July 21, 2010



## Recommended Action

- Authorize 2% increase of Water flat and metered rates
- Combine Infrastructure Replacement and PCE/TCE revenues into Operations
- Defer implementation of Water rate increase subject to review of Alternative Model
- Adopt ENR 20-Cities Construction Cost Index as basis for future rate adjustments
- Adopt 12% Wastewater flat and metered rate increase
- Implement Wastewater flat rate immediately
- Implement Wastewater metered rate program July 2012



# Water Rates

- 2% increase effective January 2011
- Projected ENR Increase is 2.10% for two-year period ending December 2010
- Flat-rate increase subject to Prop 218
- Metered-rate increase subject to Prop 218



# Recommended Water Flat Rates

Residential	Current	July 2010
1 Bedroom	\$27.98	\$28.54
2 Bedroom	\$33.61	\$34.28
3 Bedroom	\$40.28	\$41.09
4 Bedroom	\$48.40	\$49.37
5 Bedroom	\$58.06	\$59.22
6 Bedroom	\$69.67	\$71.06
7 Bedroom	\$83.58	\$85.25



# Metered Water Rates

- Revenue neutral
- Half of revenue from fixed charge, half from metered charge
- State requiring 70 percent of revenue from metered charge by 2020
- State requires billing beginning January 2011 for metered homes





# Metered Water Rates

- Fixed Monthly Service Charge: \$21.22
- Metered charges:
  - Tier 1 (Up to 7,480 gals/month) \$0.0012/gal
  - Tier 2 (7,480-37,400 gals/month) \$0.0018/gal
  - Tier 3 (>37,400 gals/month) \$0.0023/gal



# Local Rate Comparison

Agency	Wastewater	Water	Total
Galt	\$53.24	\$22.31	\$75.55
Manteca	\$43.30	\$41.70	\$85.00
Tracy	\$32.20	\$32.60	\$64.80
Lodi (3 BR home)	\$38.84	\$22.36 base \$7.83 IRP \$10.90 PCE (\$41.09 total)	\$79.93
Stockton	\$24.85	\$38.05	\$62.90



# Recommended Wastewater Rates

- Increase of 12% instead of 20% authorized in 2009
  - Inclusive of 1.05% ENR Increase
- Effective immediately on flat rates
- Effective July 2012 on metered rates
  - One-year delay in metered-rate implementation
- Flat rate increase not subject to Prop 218
- Metered rate-setting and increase subject to Prop 218



# Wastewater Metered Rates

- Revenue neutral
- Half of revenue from fixed charge, half from metered charge
- Metered billing to begin July 2012
- \$21.22 fixed monthly charge (after 12% increase)
- \$2.41 per 100 cubic feet (748 gallons)
- Rates subject to additional increases of 5-10% in July 2011



## Rate Comparison – 3 BR/4 BR

Wastewater	Avg CCF	Base	Usage	Future	Existing	Difference
Hazelwood Dr. Res. 1	5.89	\$21.22	\$14.19	\$35.41	\$38.84	(\$3.43)
Hazelwood Dr. Res. 2	10.01	\$21.22	\$24.12	\$45.34	\$38.84	\$6.50
Pearwood Circle Res.	33.34	\$18.95	\$71.68	\$90.63	\$34.68	+\$55.95

Wastewater	Avg CCF	Base	Usage	Future	Existing	Difference
Live Oak Court Res.	12.33	\$21.22	\$27.92	\$49.14	\$46.61	+\$2.53
Live Oak Way Res.	19.96	\$21.22	\$48.10	\$69.32	\$46.61	+\$22.71
Vienna Drive Res.	28.54	\$21.22	\$68.78	\$90.00	\$46.61	+\$43.99



## Other Agencies

### Best management practices guideline

Statewide last 10 years: 8% up to 17%

- Windsor 7% metered
- Rohnert Park 98%
- Petaluma 75%
- Dixon 50%
- Santa Monica 100%
- Del Mar 50%



# Proposed Wastewater Flat Rates

Residential	Current	July 2010
1 Bedroom	\$20.81	\$23.31
2 Bedroom	\$27.74	\$31.07
3 Bedroom	\$34.68	\$38.84
4 Bedroom	\$41.61	\$46.60
5 Bedroom	\$48.55	\$54.38
6 Bedroom	\$55.48	\$62.14
7 Bedroom	\$62.42	\$69.91



## Recommended Action

- Adopt 12% increase to Wastewater flat and metered rates
- Immediate increase in Wastewater flat rate
- Implement Wastewater metered rate program in July 2012
- Adopt 2% increase in Water rates
- Eliminate Infrastructure Replacement and PCE/TCE line items
- Defer Water rate increases until after review of Alternative Model
- Adopt ENR 20 Cities Construction Cost Index as basis for future rate adjustments





Questions?

**Exhibit**  
**City of Lodi -- Wastewater Utility**  
**Current and Proposed Wastewater Rates**

	Current (1)	July 2010	
<b>Residential</b>			
<b>Percent Increase</b>			12
<b>Flat Rates (\$/month)</b>			
1 Bedroom	\$ 20.81	<b>\$ 23.30</b>	<del>\$ 23.31</del>
2 Bedroom	\$ 27.74	\$ 31.07	
3 Bedroom	\$ 34.68	\$ 38.84	
4 Bedroom	\$ 41.61	<b>\$ 46.61</b>	<del>\$ 46.60</del>
5 Bedroom	\$ 48.55	<b>\$ 54.37</b>	<del>\$ 54.38</del>
6 Bedroom	\$ 55.48	\$ 62.14	
7 Bedroom	\$ 62.42	\$ 69.91	
<b>Usage-Based Rates (2)</b>			
Service Charge (\$/month)	\$ 18.95	\$ 21.22	
Usage Charge (\$/CCF) (3)	\$ 2.15	\$ 2.41	
<b>Non-Residential (\$/month)</b>			
Moderate Strength (per SSU)	\$ 27.74	\$ 31.07	
High Strength			
Flow (per MG, annual basis)	\$ 2,808.88	\$ 3,145.95	
BOD (per 1,000 lbs, annual basis)	\$ 463.54	\$ 519.16	
SS (per 1,000 lbs, annual basis)	\$ 289.83	\$ 324.61	
Grease Interceptor & Septic Holding Tank Waste within City Limits (per 1,000 gal.)	\$ 245.44	\$ 274.89	
Septic (only) Holding Tank Waste Outside City Limits (per 1,000 gal.)	\$ 521.03	\$ 583.55	
Disposal to Storm Drain System (per MG)	\$ 257.80	\$ 288.74	
Disposal to Industrial System (4)			
Flow (per MG, annual basis)	\$ 2,218.78	\$ 2,485.03	
BOD (per 1,000 lbs, annual basis)	\$ 20.34	\$ 22.78	
Winery Wastewater (per 1,000 gal.)	\$ 248.53	\$ 278.35	

**Notes:**

- (1) Revised July 16, 2009.
- (2) Current revenue neutral rates were approved for comparative billing purposes only.
- (3) Winter water usage determined as average monthly usage from December through February.
- (4) 2007 Industrial System rates are shown. Rates are calculated annually per LMC Sec. 13.12.210.

RESOLUTION NO. 2010-123

A RESOLUTION OF THE LODI CITY COUNCIL  
SETTING USAGE-BASED AND FLAT WATER AND  
WASTEWATER RATES FOR RESIDENTIAL,  
COMMERCIAL, AND INDUSTRIAL CUSTOMERS

=====

WHEREAS, the Council of the City of Lodi finds as follows:

1. The City of Lodi provides water supply and wastewater disposal service to its citizens;
2. The City charges customers of these utilities a charge to fund the on-going operation and maintenance of the water supply and wastewater disposal service;
3. On July 15, 2009, Council approved wastewater rate increases of 25 percent effective July 16, 2009; 20 percent effective July 1, 2010; 10 percent effective July 1, 2011; and 5 percent effective July 1, 2012. Council also approved an Engineering News Record – 20 Cities Average (ENR) based indexing of wastewater rates beginning with FY 2012/13. A proposition 218 procedure was conducted that validated these actions;
4. On January 6, 2010, Council received advisory usage-based water and wastewater residential rates for the purpose of research and customer billing comparisons, as the City transitions to a metered water system to comply with State law;
5. Staff recommends changing the date for implementing the annual water rate adjustment to January 1 for each of the five years following January 1, 2011. This change is recommended so that rate changes occur at the lowest usage time of the year;
6. Staff recommends changing the water rate adjustment index from the Consumer Price Index to the ENR, effective January 1, 2012, because this index better reflects the combined inflationary effects of personnel, materials and energy costs on the total operations of the water utility;
7. Staff recommends adopting usage-based and flat water rates for residential customers as presented in Exhibit A to become effective January 1, 2011;
8. Staff recommends changing the multi-family and nonresidential usage-based rate structure for meter sizes 1 inch and smaller to establish parity with the residential customers, as presented in Exhibit A;
9. Staff recommends eliminating the “Infrastructure” and “PCE/TCE” line item on the water utility bills, as was done for the wastewater utility bills on July 15, 2009;

10. Staff recommends adopting usage-based and flat monthly wastewater rates for residential and nonresidential customers as presented in Exhibit B effective immediately. For customers paying a usage-based water bill, the wastewater monthly rate will be determined based upon their average monthly water usage from the previous December, January, and February. Wastewater monthly rates will be recalculated each year and put into effect beginning with July billings each subsequent year;
11. The Council directed that notice of a hearing thereon be given to the property owners and water service and wastewater disposal utility customers in the City, with such notice to include, among other matters, the information required to be included pursuant to California law;
12. Pursuant to California Constitution, Article XIII C and Government Code 53755, such notice has been mailed to those property owners and account holders, at least 45 days before the hearing, as evidenced by a Certificate of Mailing on file with the City Clerk;
13. The Council also directed that notice of a hearing thereon be given with such notice to include the information required to be included pursuant to Government Code section 54354.5;
14. Such notice has been published once each week for two weeks, in accordance with Government Code section 54354.5, in the Lodi News-Sentinel as evidenced by Proofs of Publication on file with the City Clerk;
15. On July 21, 2010, the City Council conducted said public hearing, at which time the City Council heard all objections and protests to the proposed usage-based and flat water and wastewater rates for residential, commercial and industrial customers;
16. Written protests against the proposed usage-based and flat water and wastewater rates for residential, commercial and industrial customers were not presented by a majority of the property owners and water and wastewater utility customers; and
17. The proposed usage-based and flat water and wastewater rates for residential, commercial and industrial customers are not discriminatory or excessive, are sufficient under Government Code section 54515, comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the enterprise, comply with the provisions of Title 5, Division 2, Chapter 6 of the Government Code, and are in compliance with all other applicable law.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

Section I.     Recitals. The foregoing recitals are true and correct.

Section 2.     Levy of Charges. Pursuant to Sections 13.08.010, 13.12.240, and 13.16.110 of the Lodi Municipal Code, the usage-based and flat water and wastewater rates for residential, commercial, and industrial customers as attached hereto as Exhibits A and B are hereby approved.

Section 3. Subsequent Adjustments. As provided by Government Code Section 53756, the rates shown in Exhibits A and B may be adjusted annually for a period of five years by resolution beginning January 2012 through January 2016 for water rates and July 2011 through July 2016 for wastewater rates, with Council approval following a public hearing, in an amount not to exceed the percentage change in the Engineering News Record (ENR) Twenty Cities Annual Average Index or other index as approved by the City Council by resolution. The adjustment shall not be made if it causes rates to exceed the cost of service and Notice of the Adjustment shall be mailed to each account not less than 30 days before the effective date of the adjustment.

Section 4. Effective Date. This resolution shall take effect from and after the date of its passage.

Dated: July 21, 2010  
=====


I hereby certify that Resolution No. 2010-123 was passed and adopted by the City Council of the City of Lodi in a regular meeting held July 21, 2010, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Johnson, and Mayor Katzakian

NOES: COUNCIL MEMBERS – Hitchcock and Mounce

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
RANDI JOHL  
City Clerk

**City of Lodi -- Water Utility  
Current and Proposed Water Rates**

	Current (1)	Jan. 2011	Jan. 2012	Jan. 2013	Jan. 2014	Jan. 2015	Jan. 2016
<b>Percent Increase --&gt;</b>		<b>2.0%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>	<b>3.5%</b>
<b>Flat Rates (\$/month)</b>							
<b>Single Family Residential Unit (\$/month)</b>							
1 Bedroom	\$ 27.98	\$ 28.54	\$ 29.54	\$ 30.57	\$ 31.64	\$ 32.75	\$ 33.90
2 Bedroom	\$ 33.61	\$ 34.28	\$ 35.48	\$ 36.72	\$ 38.01	\$ 39.34	\$ 40.72
3 Bedroom	\$ 40.28	\$ 41.09	\$ 42.53	\$ 44.02	\$ 45.56	\$ 47.15	\$ 48.80
4 Bedroom	\$ 48.40	\$ 49.37	\$ 51.10	\$ 52.89	\$ 54.74	\$ 56.66	\$ 58.64
5 Bedroom	\$ 58.06	\$ 59.22	\$ 61.29	\$ 63.44	\$ 65.66	\$ 67.96	\$ 70.34
6 Bedroom	\$ 69.67	\$ 71.06	\$ 73.55	\$ 76.12	\$ 78.78	\$ 81.54	\$ 84.39
7 Bedroom	\$ 83.58	\$ 85.25	\$ 88.23	\$ 91.32	\$ 94.52	\$ 97.83	\$ 101.25
<b>Multi-Family Residential Unit (\$/month)</b>							
1 Bedroom	\$ 24.02	\$ 24.80	\$ 25.36	\$ 26.25	\$ 27.17	\$ 28.12	\$ 29.10
2 Bedroom	\$ 28.81	\$ 29.39	\$ 30.42	\$ 31.48	\$ 32.58	\$ 33.72	\$ 34.90
3 Bedroom	\$ 34.57	\$ 35.26	\$ 36.49	\$ 37.77	\$ 39.09	\$ 40.46	\$ 41.88
<b>Metered Water Rates</b>							
<b>Service Charge (\$/month)</b>							
<b>Single Family Residential (2)</b>							
Up to 3/4" Meter	\$ 22.25	\$ 22.70	\$ 23.50	\$ 24.30	\$ 25.15	\$ 26.05	\$ 26.95
1" Meter	\$ 36.15	\$ 36.85	\$ 38.15	\$ 39.50	\$ 40.90	\$ 42.35	\$ 43.85
1 1/2" Meter	\$ 70.60	\$ 72.00	\$ 74.50	\$ 77.10	\$ 79.80	\$ 82.60	\$ 85.50
2" Meter	\$ 112.10	\$ 114.35	\$ 118.35	\$ 122.50	\$ 126.80	\$ 131.25	\$ 135.85
<b>Multi-Family and Non-Residential (3)</b>							
5/8" Meter	\$ 25.64	\$ 22.70	\$ 23.50	\$ 24.30	\$ 25.15	\$ 26.05	\$ 26.95
3/4" Meter	\$ 28.17	\$ 22.70	\$ 23.50	\$ 24.30	\$ 25.15	\$ 26.05	\$ 26.95
1" Meter	\$ 42.27	\$ 36.85	\$ 38.15	\$ 39.50	\$ 40.90	\$ 42.35	\$ 43.85
1 1/2" Meter	\$ 56.35	\$ 57.50	\$ 59.50	\$ 61.60	\$ 63.75	\$ 66.00	\$ 68.30
2" Meter	\$ 70.45	\$ 71.85	\$ 74.35	\$ 76.95	\$ 79.65	\$ 82.45	\$ 85.35
3" Meter	\$ 98.63	\$ 100.60	\$ 104.10	\$ 107.75	\$ 111.50	\$ 115.40	\$ 119.45
4" Meter	\$ 126.80	\$ 129.35	\$ 133.90	\$ 138.60	\$ 143.45	\$ 148.45	\$ 153.65
6" Meter	\$ 183.16	\$ 186.80	\$ 193.35	\$ 200.10	\$ 207.10	\$ 214.35	\$ 221.85
8" Meter	\$ 239.48	\$ 244.30	\$ 252.85	\$ 261.70	\$ 270.85	\$ 280.35	\$ 290.15
10" Meter	\$ 295.83	\$ 301.75	\$ 312.30	\$ 323.25	\$ 334.55	\$ 346.25	\$ 358.35
<b>Water Usage Rates (\$/CCF)</b>							
<b>Single Family Residential (2)</b>							
Tier 1 - 0 to 10 CCF/month	\$ 0.86	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.97	\$ 1.00	\$ 1.04
Tier 2 - 11 to 50 CCF/month	\$ 1.29	\$ 1.32	\$ 1.37	\$ 1.42	\$ 1.47	\$ 1.52	\$ 1.57
Tier 3 - Over 50 CCF/month	\$ 1.71	\$ 1.74	\$ 1.80	\$ 1.86	\$ 1.93	\$ 2.00	\$ 2.07
<b>Multi-Family and Non-Residential (3)</b>							
All Water Usage	\$ 0.789	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.97	\$ 1.00	\$ 1.04

**Votes:**

- (1) Revised July 1, 2008.
- (2) Current residential metered rates are revenue neutral and were approved for comparative billing purposes only.
- (3) Proposed multi-family and non-residential rates improve equity with single family water rates.

**Exhibit**  
**City of Lodi--Wastewater Utility**  
**Current and Proposed Wastewater Rates**

<b>Current (1) July 2010</b>			
<b>Residential</b>			
<b>Percent Increase</b>			<b>12</b>
<b>Flat Rates (\$/month)</b>			
1 Bedroom	\$	20.81	\$ 23.30
2 Bedroom	\$	27.74	\$ 31.07
3 Bedroom	\$	34.68	\$ 38.84
4 Bedroom	\$	41.61	\$ 46.61
5 Bedroom	\$	48.55	\$ 54.37
6 Bedroom	\$	55.48	\$ 62.14
7 Bedroom	\$	62.42	\$ 69.91
<b>Usage-Based Rates (2)</b>			
Service Charge (\$/month)	\$	18.95	\$ 21.22
Usage Charge (\$/CCF) (3)	\$	2.15	\$ 2.41
<b>Non-Residential (\$/month)</b>			
Moderate Strength (per SSU)	\$	27.74	\$ 31.07
<b>High Strength</b>			
Flow (per MG, annual basis)	\$	2,808.88	\$ 3,145.95
BOD (per 1,000 lbs, annual basis)	\$	463.54	\$ 519.16
SS (per 1,000 lbs, annual basis)	\$	289.83	\$ 324.61
Grease Interceptor & Septic Holding Tank Waste within City Limits (per 1,000 gal.)	\$	245.44	\$ 274.89
Septic (only) Holding Tank Waste Outside City Limits (per 1,000 gal.)	\$	521.03	\$ 583.55
Disposal to Storm Drain System (per MG)	\$	257.80	\$ 288.74
<b>Disposal to Industrial System (4)</b>			
Flow (per MG, annual basis)	\$	2,218.78	\$ 2,485.03
BOD (per 1,000 lbs, annual basis)	\$	20.34	\$ 22.78
Winery Wastewater (per 1,000 gal.)	\$	248.53	\$ 278.35

**Notes:**

- (1) Revised July 16, 2009.
- (2) Current revenue neutral rates were approved for comparative billing purposes only.
- (3) Winter water usage determined as average monthly usage from December through February.
- (4) 2007 Industrial System rates are shown. Rates are calculated annually per LMC Sec. 13.12.210.

**City of Lodi --Wastewater Utility**

**Current and Proposed Water Usage-Based Residential Wastewater Rates**

<b>Current (1) July 2010</b>			
<b>Monthly Fixed Service Charge</b>	<b>\$</b>	<b>18.95</b>	<b>\$ 21.22</b>
<b>Wastewater Flow Charge</b>	<b>\$</b>	<b>2.15</b>	<b>\$ 2.41</b>
Based on Winter Water Usage (2)			
<b>Monthly Wastewater Bills (for various usages)</b>			
Winter Water Use (CCF)			
0	\$	18.95	\$ 21.22
1	\$	21.10	\$ 23.63
2	\$	23.25	\$ 26.04
3	\$	25.40	\$ 28.45
4	\$	27.55	\$ 30.86
5	\$	29.70	\$ 33.27
6	\$	31.85	\$ 35.68
7	\$	34.00	\$ 38.09
8	\$	36.15	\$ 40.50
9	\$	38.30	\$ 42.91
10	\$	40.45	\$ 45.32
11	\$	42.60	\$ 47.73
12	\$	44.75	\$ 50.14
13	\$	46.90	\$ 52.55
14	\$	49.05	\$ 54.96
15	\$	51.20	\$ 57.37
16	\$	53.35	\$ 59.78
17	\$	55.50	\$ 62.19
18	\$	57.65	\$ 64.60
19	\$	59.80	\$ 67.01
20	\$	61.95	\$ 69.42

**Notes:**

- (1) Estimated to be revenue neutral relative to the wastewater rates implemented in July 2009.
- (2) Winter water usage determined as average monthly usage from December through February.



**CITY CLERK'S CERTIFICATE  
RE: WRITTEN PROTESTS**

**PROPOSED WASTEWATER RATE INCREASE**

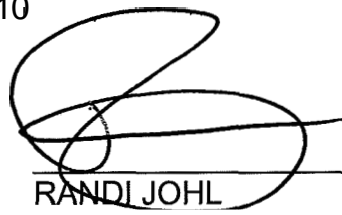
I, RANDI JOHL, City Clerk of the City of Lodi hereby certify that City Clerk staff have personally received and assembled all written protests returned by mail or delivered in person.

At the conclusion of the public hearing on July 21, 2010, I tabulated the written protests and certify the result of that tabulation to be as follows:

<b>TOTAL NUMBER OF PROPERTIES:</b>	<b>33,678</b>
on which the rates are imposed as shown on the last equalized assessment roll of San Joaquin County and City utility billing records pursuant to Proposition 218 requirements	

<b>TOTAL NUMBER OF WRITTEN PROTESTS RECEIVED:</b>	<b>52</b>
to the proposed increase to monthly wastewater rates	

I make this certification on July 22, 2010

  
\_\_\_\_\_  
RANDI JOHL  
CITY CLERK



***Please immediately confirm receipt  
of this fax by calling 333-6702***

CITY OF LODI  
P. O. BOX 3006  
LODI, CALIFORNIA 95241-1910

**ADVERTISING INSTRUCTIONS**

**SUBJECT: PUBLIC HEARING TO CONSIDER RESOLUTION SETTING  
USAGE-BASED AND FLAT WATER AND WASTEWATER RATES  
FOR RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL  
CUSTOMERS**

**PUBLISH DATE: SATURDAY, JUNE 26, 2010  
SATURDAY, JULY 10, 2010**

**LEGAL AD**

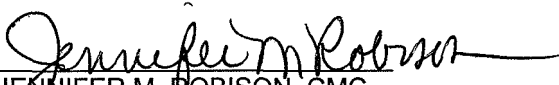
**TEAR SHEETS WANTED: One (1) please**

**SEND AFFIDAVIT AND BILL TO:  
LNS ACCT. #0510052**

RANDI JOHL, CITY CLERK  
City of Lodi  
P.O. Box 3006  
Lodi, CA 95241-1910

**DATED: FRIDAY, JUNE 11, 2010**

**ORDERED BY RANDI JOHL  
CITY CLERK**

  
JENNIFER M. ROBISON, CMC  
ASSISTANT CITY CLERK

MARIA BECERRA  
ADMINISTRATIVE CLERK

**Verify Appearance of this Legal in the Newspaper – Copy to File**

LNS	Faxed to the Sentinel at 369-1084 at _____ (time) on _____ (date) _____ (pages)
	Phoned to confirm receipt of all pages at _____ (time) _____ CF _____ MB _____ JMR (initials)



## **DECLARATION OF POSTING**

### **PUBLIC HEARING TO CONSIDER RESOLUTION SETTING USAGE-BASED AND FLAT WATER AND WASTEWATER RATES FOR RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL CUSTOMERS**

On Friday, June 11, 2010, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider resolution setting usage-based and flat water and wastewater rates for residential, commercial, and industrial customers (attached and marked as Exhibit A) was posted at the following locations:

Lodi Public Library  
Lodi City Clerk's Office  
Lodi City Hall Lobby  
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 11, 2010, at Lodi, California.

ORDERED BY:

**RANDI JOHL  
CITY CLERK**

  
JENNIFER M. ROBISON, CMC  
ASSISTANT CITY CLERK

\_\_\_\_\_  
MARIA BECERRA  
ADMINISTRATIVE CLERK



## CITY OF LODI

Carnegie Forum  
305 West Pine Street, Lodi

### NOTICE OF PUBLIC HEARING

Date: July 21, 2010

Time: 7:00 p.m.

For information regarding this notice please contact:

**Randi Johl**

City Clerk

Telephone: (209) 333-6702

**EXHIBIT A**

### NOTICE OF PUBLIC HEARING

**NOTICE IS HEREBY GIVEN**, pursuant to Government Code §54354.5, that on **Wednesday, July 21, 2010**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) **Resolution setting usage-based and flat water and wastewater rates for residential, commercial, and industrial customers (as identified on the attached Exhibit A and B).**

Information regarding this item may be obtained in the Public Works Department, 221 West Pine Street, Lodi, (209) 333-6706. All interested persons are invited to present their views and comments on this matter. Written protests may be filed with the City Clerk, City Hall, 221 W. Pine Street, 2<sup>nd</sup> Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk at, or prior to, the public hearing.

At said hearing, any person interested, including any person owning property in the City, may be heard as to whether said charges are discriminatory or excessive, or will not be sufficient under Government Code Section 54515, or will not comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the respective enterprise, or will not comply with the provisions of Title 5, Division 2, Part 1, Chapter 6 "The Revenue Bond Law" of the Government Code, or any other matter related to the proposed charges or their method of adoption.

By Order of the Lodi City Council:

Randi Johl  
City Clerk

**Dated: May 19, 2010**

Approved as to form:

D. Stephen Schwarbauer  
City Attorney

RESOLUTION NO. 2010-\_\_\_\_\_

A RESOLUTION OF THE LODI CITY COUNCIL  
SETTING USAGE-BASED AND FLAT WATER AND  
WASTEWATER RATES FOR RESIDENTIAL,  
COMMERCIAL, AND INDUSTRIAL CUSTOMERS

=====

WHEREAS, the Council of the City of Lodi finds as follows:

1. The City of Lodi provides water supply and wastewater disposal service to its citizens;
2. The City charges customers of these utilities a charge to fund the on-going operation and maintenance of the water supply and wastewater disposal service;
3. On July 15, 2009, Council approved wastewater rate increases of 25 percent effective July 16, 2009; 20 percent effective July 1, 2010; 10 percent effective July 1, 2011; and 5 percent effective July 1, 2012. Council also approved an Engineering News Record - 20 Cities Average (ENR) based indexing of wastewater rates beginning with FY 2012/13. A proposition 218 procedure was conducted that validated these actions;
4. On January 6, 2010, Council received advisory usage-based water and wastewater residential rates for the purpose of research and customer billing comparisons, as the City transitions to a metered water system to comply with State law;
5. Staff recommends changing the date for implementing the annual water rate adjustment to January 1 for each of the five years following January 1, 2011. This change is recommended so that rate changes occur at the lowest usage time of the year;
6. Staff recommends changing the water rate adjustment index from the Consumer Price Index to the ENR, effective January 1, 2012, because this index better reflects the combined inflationary effects of personnel, materials and energy costs on the total operations of the water utility;
7. Staff recommends adopting usage-based and flat water rates for residential customers as presented in Exhibit A to become effective January 1, 2011;
8. Staff recommends changing the multi-family and nonresidential usage-based rate structure for meter sizes 1 inch and smaller to establish parity with the residential customers, as presented in Exhibit A;
9. Staff recommends eliminating the "Infrastructure" and "PCE/TCE" line item on the water utility bills, as was done for the wastewater utility bills on July 15, 2009;

10. Staff recommends adopting usage-based and flat monthly wastewater rates for residential and nonresidential customers as presented in Exhibit B effective immediately. For customers paying a usage-based water bill, the wastewater monthly rate will be determined based upon their average monthly water usage from the previous December, January, and February. Wastewater monthly rates will be recalculated each year and put into effect beginning with July billings each subsequent year;
11. The Council directed that notice of a hearing thereon be given to the property owners and water service and wastewater disposal utility customers in the City, with such notice to include, among other matters, the information required to be included pursuant to California law;
12. Pursuant to California Constitution, Article XIII C and Government Code 53755, such notice has been mailed to those property owners and account holders, at least 45 days before the hearing, as evidenced by a Certificate of Mailing on file with the City Clerk;
13. The Council also directed that notice of a hearing thereon be given with such notice to include the information required to be included pursuant to Government Code section 54354.5;
14. Such notice has been published once each week for two weeks, in accordance with Government Code section 54354.5, in the Lodi News-Sentinel as evidenced by Proofs of Publication on file with the City Clerk;
15. On July 21, 2010, the City Council conducted said public hearing, at which time the City Council heard all objections and protests to the proposed usage-based and flat water and wastewater rates for residential, commercial and industrial customers;
16. Written protests against the proposed usage-based and flat water and wastewater rates for residential, commercial and industrial customers were not presented by a majority of the property owners and water and wastewater utility customers; and
17. The proposed usage-based and flat water and wastewater rates for residential, commercial and industrial customers are not discriminatory or excessive, are sufficient under Government Code section 54515, comply with the provisions or covenants of any outstanding revenue bonds of the City payable from the revenues of the enterprise, comply with the provisions of Title 5, Division 2, Chapter 6 of the Government Code, and are in compliance with all other applicable law.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

Section 1.     Recitals. The foregoing recitals are true and correct.

Section 2.     Levy of Charges. Pursuant to Sections 13.08.010, 13.12.240, and 13.16.110 of the Lodi Municipal Code, the usage-based and flat water and wastewater rates for residential, commercial, and industrial customers as attached hereto as Exhibits A and B are hereby approved.

Section 3. Subsequent Adjustments. As provided by Government Code Section 53756, the rates shown in Exhibits A and B may be adjusted annually for a period of five years by resolution beginning January 2012 through January 2016 for water rates and July 2011 through July 2016 for wastewater rates, with Council approval following a public hearing, in an amount not to exceed the percentage change in the Engineering News Record (ENR) Twenty Cities Annual Average Index or other index as approved by the City Council by resolution. The adjustment shall not be made if it causes rates to exceed the cost of service and Notice of the Adjustment shall be mailed to each account not less than 30 days before the effective date of the adjustment.

Section 4. Effective Date. This resolution shall take effect from and after the date of its passage.

Dated: July 21, 2010

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I hereby certify that Resolution No. 2010-\_\_\_\_\_ was passed and adopted by the City Council of the City of Lodi in a regular meeting held July 21, 2010, by the following vote:

AYES: COUNCIL MEMBERS -

NOES: COUNCIL MEMBERS -

ABSENT: COUNCIL MEMBERS -

ABSTAIN: COUNCIL MEMBERS -

RANDI JOHL  
City Clerk

2010-\_\_\_\_\_

**Exhibit**  
**City of Lodi -- Water Utility**  
**Current and Proposed Water Rates**

	<b>Current (1)</b>	<b>Jan. 2011</b>	<b>Jan. 2012</b>	<b>Jan. 2013</b>	<b>Jan. 2014</b>
<b>Flat Rates (\$/month)</b>					
<b>Percent Increase</b>		<b>2</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Single Family Residential Unit (\$/month)</b>					
1 Bedroom	\$ 27.98	\$ 28.54	\$ 29.68	\$ 30.87	\$ 32.10
2 Bedroom	\$ 33.61	\$ 34.28	\$ 35.65	\$ 37.08	\$ 38.56
3 Bedroom	\$ 40.28	\$ 41.09	\$ 42.73	\$ 44.44	\$ 46.22
4 Bedroom	\$ 48.40	\$ 49.37	\$ 51.34	\$ 53.39	\$ 55.53
5 Bedroom	\$ 58.06	\$ 59.22	\$ 61.59	\$ 64.05	\$ 66.61
6 Bedroom	\$ 69.67	\$ 71.06	\$ 73.90	\$ 76.86	\$ 79.93
7 Bedroom	\$ 83.58	\$ 85.25	\$ 88.66	\$ 92.21	\$ 95.90
<b>Multi-Family Residential Unit (\$/month)</b>					
1 Bedroom	\$ 24.02	\$ 24.50	\$ 25.48	\$ 26.50	\$ 27.56
2 Bedroom	\$ 28.81	\$ 29.39	\$ 30.57	\$ 31.79	\$ 33.06
3 Bedroom	\$ 34.57	\$ 35.26	\$ 36.67	\$ 38.14	\$ 39.67
<b>Metered Water Rates</b>					
<b>Service Charge (\$/month)</b>					
Single Family Residential (2)					
Up to 3/4" Meter	\$ 22.25	\$ 22.70	\$ 23.60	\$ 24.55	\$ 25.55
1" Meter	\$ 36.15	\$ 36.85	\$ 38.30	\$ 39.85	\$ 41.45
1 1/2" Meter	\$ 70.60	\$ 72.00	\$ 74.90	\$ 77.90	\$ 81.00
2" Meter	\$ 112.10	\$ 114.35	\$ 118.90	\$ 123.65	\$ 128.60
Multi-Family and Non-Residential (3)					
5/8" Meter	\$ 25.64	\$ 22.70	\$ 23.60	\$ 24.55	\$ 25.55
3/4" Meter	\$ 28.17	\$ 22.70	\$ 23.60	\$ 24.55	\$ 25.55
1" Meter	\$ 42.27	\$ 36.85	\$ 38.30	\$ 39.85	\$ 41.45
1 1/2" Meter	\$ 56.35	\$ 57.50	\$ 59.80	\$ 62.20	\$ 64.70
2" Meter	\$ 70.45	\$ 71.85	\$ 74.70	\$ 77.70	\$ 80.80
3" Meter	\$ 98.63	\$ 100.60	\$ 104.60	\$ 108.80	\$ 113.15
4" Meter	\$ 126.80	\$ 129.35	\$ 134.50	\$ 139.90	\$ 145.50
6" Meter	\$ 183.16	\$ 186.80	\$ 194.25	\$ 202.00	\$ 210.10
8" Meter	\$ 239.48	\$ 244.30	\$ 254.05	\$ 264.20	\$ 274.75
10" Meter	\$ 295.83	\$ 301.75	\$ 313.80	\$ 326.35	\$ 339.40
<b>Water Usage Rates (\$/CCF)</b>					
Single Family Residential (2)					
Tier 1 - 0 to 10 CCF/month	\$ 0.86	\$ 0.88	\$ 0.92	\$ 0.96	\$ 1.00
Tier 2 - 11 to 50 CCF/month	\$ 1.29	\$ 1.32	\$ 1.37	\$ 1.42	\$ 1.48
Tier 3 - Over 50 CCF/month	\$ 1.71	\$ 1.74	\$ 1.81	\$ 1.88	\$ 1.96
Multi-Family and Non-Residential (3)					
All Water Usage	\$ 0.789	\$ 0.88	\$ 0.92	\$ 0.96	\$ 1.00

**Notes:**

- (1) Revised July 1, 2008.  
(2) Current residential metered rates are revenue neutral and were approved for comparative billing purposes only.  
(3) Proposed multi-family and non-residential rates improve equity with single family water rates.



**Exhibit**  
**City of Lodi -- Wastewater Utility**  
**Current and Proposed Wastewater Rates**

Current and Proposed Wastewater Rates			
	Current (1)		July 2010
<b>Residential</b>			
<b>Percent Increase</b>			12
<b>Flat Rates (\$/month)</b>			
1 Bedroom	\$	20.81	\$ 23.31
2 Bedroom	\$	27.74	\$ 31.07
3 Bedroom	\$	34.68	\$ 38.84
4 Bedroom	\$	41.61	\$ 46.61
5 Bedroom	\$	48.55	\$ 54.37
6 Bedroom	\$	55.48	\$ 62.14
7 Bedroom	\$	62.42	\$ 69.91
<b>Usage-Based Rates (2)</b>			
Service Charge (\$/month)	\$	18.95	\$ 21.22
Usage Charge (\$/CCF) (3)	\$	2.15	\$ 2.41
<b>Non-Residential (\$/month)</b>			
Moderate Strength (per SSU)	\$	27.74	\$ 31.07
High Strength			
Flow (per MG, annual basis)	\$	2,808.88	\$ 3,145.95
BOD (per 1,000 lbs, annual basis)	\$	463.54	\$ 519.16
SS (per 1,000 lbs, annual basis)	\$	289.83	\$ 324.61
Grease Interceptor & Septic Holding Tank ,			
Waste within City Limits (per 1,000 gal.)	\$	245.44	\$ 274.89
Septic (only) Holding Tank Waste			
Outside City Limits (per 1,000 gal.)	\$	521.03	\$ 583.55
Disposal to Storm Drain System (per MG)	\$	257.80	\$ 288.74
Disposal to Industrial System (4)			
Flow (per MG, annual basis)	\$	2,218.78	\$ 2,485.03
BOD (per 1,000 lbs, annual basis)	\$	20.34	\$ 22.78
Winery Wastewater (per 1,000 gal.)	\$	248.53	\$ 278.35

**Notes:**

- (1) Revised July 16, 2009.
- (2) Current revenue neutral rates were approved for comparative billing purposes only.
- (3) Winter water usage determined as average monthly usage from December through February.
- (4) 2007 Industrial System rates are shown. Rates are calculated annually per LMC Sec. 13.12.210.

**Current and Proposed Water Usage-Based Residential Wastewater Rates**

	<b>Current (1)</b>		<b>July 2010</b>	
<b>Monthly Fixed Service Charge</b>	\$	18.95	\$	21.22
<b>Wastewater Flow Charge</b>	\$	2.15	\$	2.41
Based on Winter Water Usage (2)				
<b>Monthly Wastewater Bills (for various usages)</b>				
Winter Water Use (CCF)				
0	\$	18.95	\$	21.22
1	\$	21.10	\$	23.63
2	\$	23.25	\$	26.04
3	\$	25.40	\$	28.45
4	\$	27.55	\$	30.86
5	\$	29.70	\$	33.27
6	\$	31.85	\$	35.68
7	\$	34.00	\$	38.09
8	\$	36.15	\$	40.50
9	\$	38.30	\$	42.91
10	\$	40.45	\$	45.32
11	\$	42.60	\$	47.73
12	\$	44.75	\$	50.14
13	\$	46.90	\$	52.55
14	\$	49.05	\$	54.96
15	\$	51.20	\$	57.37
16	\$	53.35	\$	59.78
17	\$	55.50	\$	62.19
18	\$	57.65	\$	64.60
19	\$	59.80	\$	67.01
20	\$	61.95	\$	69.42

**Notes:**

- (1) Estimated to be revenue neutral relative to the wastewater rates implemented in July 2009.  
 (2) Winter water usage determined as average monthly usage from December through February.